

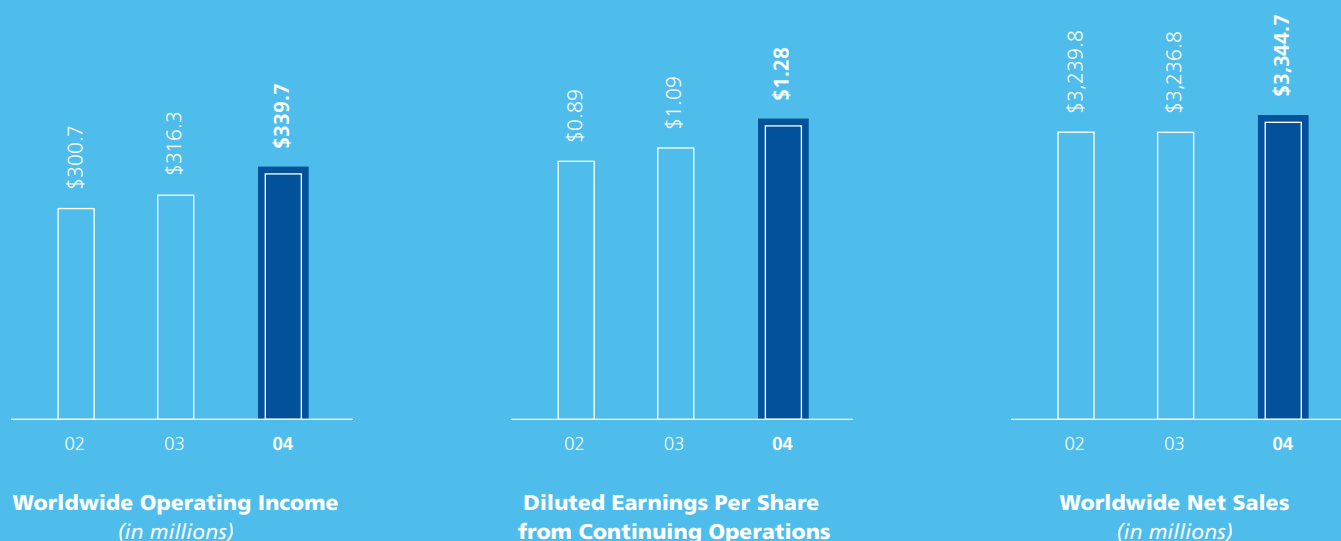
DELIVERING SUSTAINABLE GROWTH



PEPSI  AMERICAS

2004 ANNUAL REPORT

ABOUT PEPSIAMERICAS PepsiAmericas is the second largest Pepsi bottler with operations in 19 states, Central Europe including Poland, Hungary, the Czech Republic and Republic of Slovakia, and the Caribbean including Puerto Rico, Jamaica, the Bahamas, Barbados and Trinidad and Tobago. In total, PepsiAmericas serves geographic areas with a population of more than 122 million people. PepsiAmericas manufactures, distributes and markets a broad portfolio of Pepsi-Cola and other national and regional brands.



FINANCIAL HIGHLIGHTS *(dollars in millions, except per share data)*

	Reported		As Adjusted*	
	2004	2003	2004	2003
Summary of Operations				
Net sales	\$ 3,344.7	\$ 3,236.8	\$ 3,344.7	\$ 3,202.9
Operating income	339.7	316.3	344.3	317.8
Income from continuing operations	181.9	157.6	174.8	150.8
Income per share — diluted	\$ 1.28	\$ 1.09	\$ 1.23	\$ 1.05
Percent of Sales				
Gross profit	42.5%	42.0%	42.5%	42.1%
Selling, distribution and administration	32.2%	32.0%	32.2%	32.1%
Operating margin	10.2%	9.8%	10.3%	9.9%
Key Financial Components				
Cash and equivalents	\$ 74.9	\$ 69.0	—	—
Working capital, excluding short-term debt	150.4	177.2	—	—
Total assets	3,529.8	3,596.8	—	—
Short-term debt	142.0	199.9	—	—
Long-term debt	1,006.6	1,078.4	—	—
Total shareholders' equity	1,623.2	1,565.1	—	—

*Non-GAAP Financial Measures

In addition to the GAAP results provided in this Annual Report to Shareholders, we have also provided certain non-GAAP financial measurements, which include adjusted operating income and adjusted net income, adjusted operating cash flow and adjusted return on invested capital. For additional information including a reconciliation from GAAP results to non-GAAP measurements, how the non-GAAP measurements provide useful information and why management uses non-GAAP measurements, please review "Selected Financial Data — Non-GAAP Measurements" in the attached Form 10-K.

TO OUR SHAREHOLDERS: 2004 was a strong and important year for PepsiAmericas. Our performance demonstrated strength in revenue growth and cost management, drove double-digit increases in earnings per share and generated strong cash flow. It was an important year because we demonstrated consistency in our performance, continued emphasis on shareholder returns, and announced our first meaningful acquisition.

Our domestic organization achieved revenue growth from a healthy pricing environment, strong field execution, and effective innovation as our diet, water and flavor portfolios partially offset a continued shift away from our Pepsi trademark. Revenue growth and cost management offset a relatively more volatile raw material cost environment.

The profitability of our international business continued to improve and it has become a more significant contributor to our performance. Central Europe successfully navigated the accession of our markets into the European Union and profitability continued to grow. The Caribbean realized earnings improvement from volume and pricing growth and good control of costs.

Our investment in process improvements, most notably in our selling and delivery systems across the company, continued to yield efficiency improvements while better serving our customers. Although capital expenditures declined, we continued to reinvest in our business at an appropriate level, and in January 2005, we completed the acquisition of Central Investment Corporation which we expect to be accretive to earnings in 2005. We continued to generate significant amounts of cash, our adjusted return on invested capital continued to improve, exceeding our weighted average cost of capital, and the increase in dividends paid and share repurchase activity demonstrated our commitment to our shareholders.

2004 FINANCIAL HIGHLIGHTS

Net income was \$181.9 million, or diluted earnings per share (EPS) of \$1.28. This figure is up 17 percent from 2003, when an additional week of U.S. operating performance contributed \$3.1 million to net income.

Our 2004 average net selling price increase of 6.5 percent drove net sales to \$3.3 billion offsetting volume declines and expanding our worldwide gross margin 50 basis points for the year. Operating income of \$339.7 million rose 7.4 percent versus the prior year.

ROBERT C. POHLAD

Chairman of the Board
and Chief Executive Officer *(right)*

KENNETH E. KEISER

President and Chief Operating Officer
(center)

G. MICHAEL DURKIN, JR.

Executive Vice President
and Chief Financial Officer *(left)*



We achieved another year of significant adjusted operating cash flow, generating \$336 million*; capital expenditures totaled \$122 million. As a result, we increased our 2004 dividend to an effective 30 cents per share annually, versus 4 cents in 2003. We also repurchased 10 million shares, or approximately 6.8 percent of our common stock, under an accelerated share repurchase plan. The appreciation in our stock price reflects the strength and consistency of our performance and strategies.

In December 2004, we announced our intent to purchase Central Investment Corporation. The acquisition expanded our geographic reach, giving us a presence in the high-growth Florida market as well as Ohio markets contiguous to our existing territories.

U.S. HIGHLIGHTS

In 2004, our U.S. business generated \$332.3 million in operating income; and gross profit increased 4.4 percent to \$1.2 billion. Strong pricing resulting from a

*Please review our note regarding non-GAAP financial measures on the inside front cover of this report.

disciplined price structure, together with our emphasis on customer service and consumer value, mitigated soft volume and higher raw material costs.

Our consumers' demand for non-carbonated beverages grew, and we capitalized on the trend by implementing innovative marketing, and promotional and packaging strategies. We successfully launched the Tropicana flavor lines and took advantage of the popularity of Aquafina water to drive sales. Non-carbonated and diet categories were the strongest contributors to volume in 2004. We also maintained our focus on single-serve beverages and completed the rollout of the popular Fridge Mate package, which helped generate margin strength and market share.

INTERNATIONAL HIGHLIGHTS

In 2004, PepsiAmericas' international business distinguished itself by becoming a meaningful source of growth and profit for our company. 2004 net revenue rose 4.3 percent to \$518.9 million. Operating income increased by \$6.8 million, reaching \$7.4 million for the year, as compared to \$575,000 in 2003. Higher average net selling prices served to partially offset volume softness and increased raw materials costs in Central Europe, resulting in a gross profit of \$191.5 million — a 5.6 percent increase over 2003.

May 2004 marked the entry of our Central European countries into the European Union. Late in 2003 and in early 2004, we implemented pricing strategies to mitigate anticipated cost increases associated with European Union membership. This resulted in a short-term decline in volume. During the second half of the year, volume trends improved as consumers became accustomed to the European Union changes.

Our Caribbean business had its strongest year yet. Volume growth accelerated and margins expanded, with sales increases in Puerto Rico, Jamaica, and Trinidad and Tobago, and the benefit of the Bahamas consolidation in March 2004. The introduction of our non-carbonated beverages established

a foundation for continued growth and margin enhancement in the region. We effectively managed through increased raw material costs and met the challenges resulting from short-term pressures associated with this year's hurricane season.

DELIVERING SUSTAINABLE GROWTH IN 2005

In 2005, our objective is to continue the strength and consistency of our performance. To do that, we must reestablish volume growth, moderately increase pricing, invest strategically, and continue to generate strong cash flow. Across PepsiAmericas, we are privileged to have a team of experienced and talented individuals dedicated to achieving this objective.

We remain committed to our customers, to everyone who enjoys a Pepsi or any of our products, and to you, our shareholders. We work for you and we take that responsibility seriously.

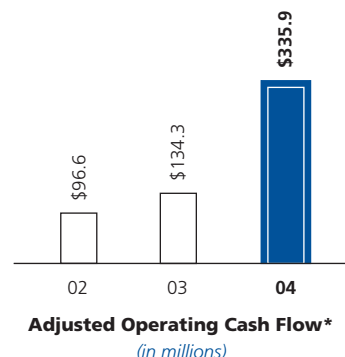
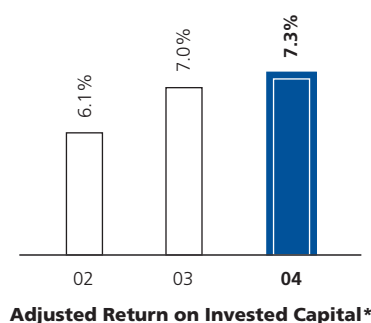
Thank you,



ROBERT C. POHLAD

Chairman of the Board and Chief Executive Officer

March 9, 2005



Impact of accounts receivable securitization was a decrease in adjusted operating cash flow of \$7.7 million in 2002 and \$92.3 million in 2003, and an increase of \$100.0 million in 2004.

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PEPSIAMERICAS

approaches the future with confidence and high expectations and will continue to focus on delivering sustainable growth.



PEPSIAMERICAS' DOMESTIC OPERATIONS ACHIEVED CONSISTENT, PROFITABLE GROWTH IN 2004. Our focus on pricing, core trademarks, innovation and productivity hit the mark for solid financial performance. Net sales grew by 3.2 percent driven by pricing increases of 4.8 percent. Our gross profit rose 4.4 percent to \$1.2 billion, and operating income increased 5.3 percent.

PepsiAmericas accelerated top line growth and increased profit margins. For the second year in a row, pricing drove the top line and offset softer volume. Growth in the non-carbonated and diet categories helped to ease the challenges faced by Pepsi. However, our portfolio of core trademarks — Pepsi, Mountain Dew, Sierra Mist and Aquafina — remain key to our strength. These brands continue to generate consumer loyalty and support the rollout of line extensions.

Packaging and product innovation are essential to achieving overall category growth. 2004 included the limited-time product introductions of Mountain Dew Pitch Black and Pepsi Holiday Spice, as well as the roll out of Pepsi Edge. Aquafina and the introduction of the Tropicana flavor line contributed to volume and helped grow the non-carbonated category nearly 10 percent in 2004. To capitalize on the Tropicana success, we are launching additional flavors, both sugar-free and regular, in 2005. We are also introducing Aquafina Flavor Splash and Aquafina Sparkling to build on consumer demand

within the category. The non-carbonated segment now comprises roughly 10 percent of our mix and is expected to become an increasingly more important contributor over the next several years.

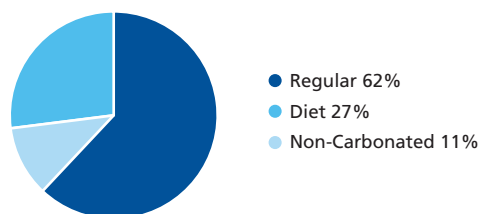
Package innovation complements our products by building brand excitement and creating additional consumer demand. In 2004, we completed the market introduction of 12-pack Fridge Mate cartons, and 14-ounce polyethylene containers. We will continue to focus on package innovation to support pricing improvements which can significantly contribute to margin expansion.

Innovations in packaging and enhanced marketing programs helped us maximize growth opportunities across all customer segments. Strong execution — a critical element in gaining market share — enabled us to effectively implement our marketing calendar and acquire incremental shelf space in the take-home and immediate-consumption channels. In 2004, we increased market penetration and achieved 4 percent growth for our single-serve business through purposeful



Core Trademarks

Core trademarks represent 79 percent of our carbonated soft drink product portfolio.



2004 U.S. Category Mix

merchandising strategies. The single-serve segment is integral to our profitable growth, and we will continue to focus on it in the future.

With an emphasis on meeting our customers' needs in a cost effective manner, we centralized our call center in Fargo, North Dakota. The call center optimizes services to smaller customers and helps fill distribution voids, while improving volume and margins.

PepsiAmericas' resources are aligned for growth.

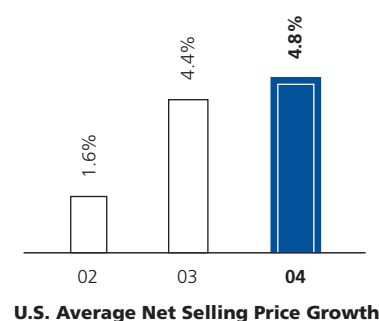
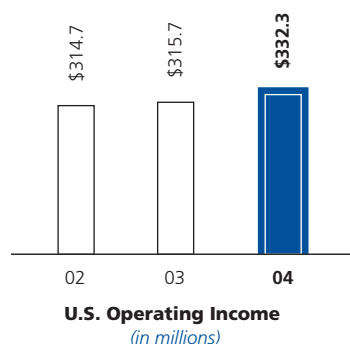
Our goal is to effectively grow the top line while at the same time maximizing gross profit margins. During the last two years, we have implemented processes to increase efficiencies and have leveraged our resources to achieve these targets. We began to roll out our NextGen pre-sell system in 2003, and in 2004 we reaped the benefits of increased sales force efficiency on both the top line and on operating margins.

We continue to improve our ways of doing business, which positively affects our financial results. However, in 2004, we were faced with rising raw material costs,

specifically resin and aluminum, which pressured our bottom line. In this environment, top line growth played an even greater role in helping to mitigate higher costs. As a result, we were still able to expand gross profit margins by 60 basis points.

PepsiAmericas' first major acquisition. In January 2005, we expanded into Southeast Florida and Central Ohio through the acquisition of Central Investment Corporation's bottling operations.

PepsiAmericas looks ahead. Shifts in consumer tastes are impacting the carbonated soft drink industry and are spurring category changes. Carbonated beverages remain core to our business, but we are continuing to direct resources toward our non-carbonated beverage portfolio. Strong innovation and a robust 2005 marketing calendar will contribute to improved pricing and volume growth. Taking advantage of our brands, customer service, and operational excellence, our domestic business is ready to meet the challenges of the year ahead, and we are looking forward to further increasing shareholder value.



PEPSIAMERICAS' INTERNATIONAL OPERATIONS NOW A MEANINGFUL SOURCE OF GROWTH

2004 highlights: moving in the right direction.

2004 marked a year of strong performance for PepsiAmericas' international operations. We navigated the challenges related to European Union membership in Central Europe and capitalized on strengths in our Caribbean operations, increasing international gross profit 5.6 percent to \$191.5 million.

Central Europe benefited from pricing initiatives and enhanced efficiencies.

In May 2004, our Central European markets joined the European Union, a move that promises a long-term economic benefit to both consumers and to us. In the short-term, the EU entry posed some challenges; higher raw material costs, specifically sugar, were passed along through increased pricing at the beginning of the year. For consumers, the EU entry's immediate impact was a compression of disposable income, and as a result, we saw a decrease in volume in the second quarter. As the economy stabilizes, we are beginning to see a gradual recovery with improved volume trends in the second half of the year, and we expect these positive trends to continue.

To reach profitability in Central Europe, we increased efficiencies by centralizing our operations and expanding our product offerings. We introduced Tropicana juice in Hungary, and Lipton Iced Tea and Gatorade in all markets.

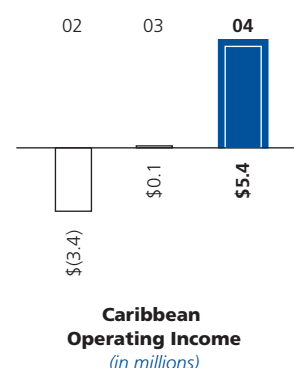
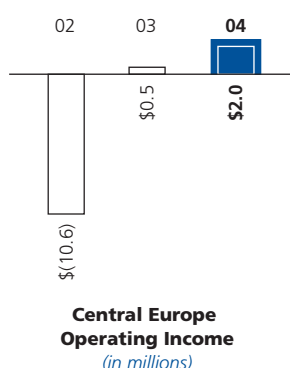
We introduced a new category in the fourth quarter of 2004 — Frito Lay snacks in the Czech Republic. Adding these fun foods to our line of popular beverages continues in 2005, including expansion into Hungary.

Solid year for the Caribbean market. Our Caribbean operations posted record profits and continued financial improvements—even with the temporary effects from hurricanes. Buoyed by solid sales success in our carbonated soft drink beverages, we launched a variety of non-carbonated beverages: Tropicana juice, Aquafina and Essential Waters are now available in selected markets.

Continuing our progress in the year ahead. We are confident that our plans for product and packaging innovations combined with improved efficiencies will contribute to continued growth in our international business throughout 2005. We expect to increase revenues in carbonated soft drinks and to improve market penetration with an expanding array of non-carbonated beverages throughout the year ahead.



Our international product portfolio includes trademark Pepsi as well as regional brands.



STOCK PRICE AND DIVIDENDS

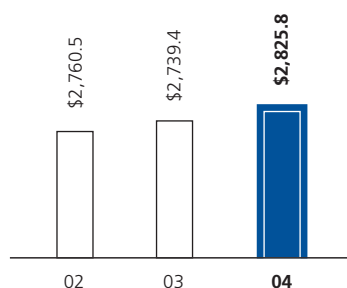
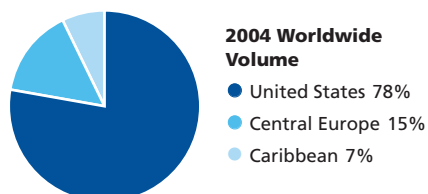
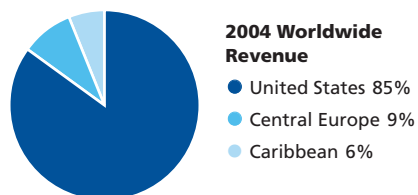
	Common Stock		
	High	Low	Dividend
2004			
1st Quarter	\$ 20.73	\$ 16.74	\$ 0.075
2nd Quarter	21.67	19.23	0.075
3rd Quarter	21.60	18.29	0.075
4th Quarter	21.52	18.71	0.075

	High	Low	Dividend
2003			
1st Quarter	\$ 13.83	\$ 11.06	\$ —
2nd Quarter	13.50	11.16	0.040
3rd Quarter	15.10	12.30	—
4th Quarter	17.33	14.10	—

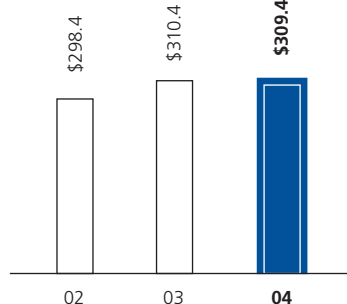
	High	Low	Dividend
2002			
1st Quarter	\$ 14.63	\$ 11.65	\$ —
2nd Quarter	15.96	14.00	0.040
3rd Quarter	15.09	11.58	—
4th Quarter	15.98	11.12	—

The common stock of PepsiAmericas is listed and traded on the New York Stock Exchange and the Pacific Stock Exchange. The table above sets forth the reported high and low sales prices as reported for New York Stock Exchange Composite Transactions for our common stock and indicates our dividends for each quarterly period for the fiscal years 2004, 2003 and 2002.

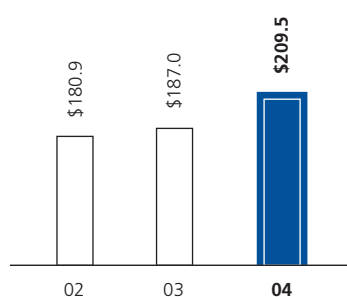
GLOBAL BUSINESS MIX



US Net Sales (in millions)



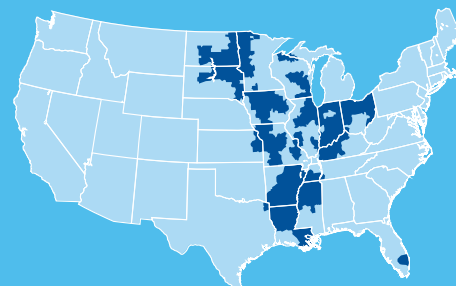
Central Europe Net Sales (in millions)



Caribbean Net Sales (in millions)

DOMESTIC BUSINESS MIX
UNITED STATES

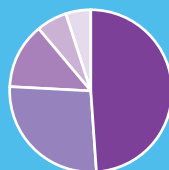
PepsiAmericas' U.S. market extends throughout America's heartland including 19 states and accounts for approximately 20 percent of total U.S. Pepsi volume. The majority of our markets enjoy high-share positions.



2004 U.S. HIGHLIGHTS

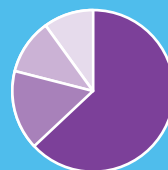
Renewed focus on core brands with increased advertising and promotions, product and package innovation, and in-store executions

- Pricing improved 4.8 percent
- Volume declined 2.0 percent
- Operating income increased 5.3 percent



2004 U.S. Category Mix

- TM Pepsi 49%
- TM Dew 27%
- Flavors 13%
- Other 6%
- Water 5%



2004 U.S. Package Mix

- Cans 63%
- 20 ounce 16%
- Other PET 11%
- 2 liter 10%



2004 U.S. Channel Mix

- Large Format 62%
- Small Format 21%
- On Premise 17%

OUTLOOK

PepsiAmericas expects to grow operating results and earnings per share and generate strong cash flows in 2005. We plan to drive top-line growth through the combination of sustained pricing and renewed volume growth supported by a strong product and package innovation calendar and superior marketplace execution and customer service. Disciplined management of costs and increased efficiencies will continue throughout the organization. This focus should yield positive results to the bottom line.

We completed the acquisition of Central Investment Corporation in January 2005. The acquisition expands our operations into the high growth Florida markets and in territories contiguous to our Ohio operations. This acquisition is expected to be accretive to our earnings in 2005.

INTERNATIONAL BUSINESS MIX CENTRAL EUROPE

PepsiAmericas operates in four Central European countries: Poland, Hungary, the Czech Republic and Republic of Slovakia. Our product portfolio features Pepsi-Cola brands, as well as regional favorites, such as Toma.



2004 CENTRAL EUROPE HIGHLIGHTS

Overcoming challenges associated with EU membership combined with improved pricing, resulted in operating income of \$2.0 million. Central Europe also continued to benefit from the conversion to an alternative selling and distribution model.



**2004 Central Europe
Category Mix**

- CSD Colas 42%
- Water 29%
- CSD Flavors 19%
- Juice 5%
- New Age 5%



**2004 Central Europe
Channel Mix**

- Wholesale 31%
- Small Format 27%
- Large Format 26%
- On Premise 16%

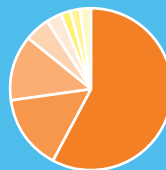
INTERNATIONAL BUSINESS MIX CARIBBEAN

PepsiAmericas operates in five markets in the Caribbean: Puerto Rico, Jamaica, the Bahamas, Trinidad and Tobago and Barbados. Puerto Rico is our largest market representing about two-thirds of our total Caribbean revenue.



2004 CARIBBEAN HIGHLIGHTS

Positive growth in volume and pricing drove operating income of \$5.4 million. The business performed well on key measures and benefited from the acquisition of a majority interest in the Bahamas.



**2004 Caribbean
Product Mix**

- TM Pepsi 58%
- Flavors 15%
- 7UP 13%
- All Others 5%
- Water 3%
- Ting 2%
- Juice 2%
- TM Dew 2%



**2004 Caribbean
Channel Mix**

- Large Format 44%
- Small Format 25%
- Wholesale 17%
- On Premise 14%

BOARD OF DIRECTORS



HERBERT M. BAUM

Vice-Chairman, President and Chief Executive Officer, The Dial Corporation



RICHARD G. CLINE

Chairman, Hawthorne Investors, Inc.



PIERRE S. DU PONT

Director, Richards, Layton & Finger, P.A.



ARCHIE R. DYKES

Chairman, Capital City Holdings Inc.



JAROBIN GILBERT, JR.

President and Chief Executive Officer, DBSS Group, Inc.



JAMES R. KACKLEY

Private Investor



MATTHEW M. MCKENNA

Senior Vice President, Finance PepsiCo, Inc.



ROBERT C. POHLAD

Chairman of the Board and Chief Executive Officer, PepsiAmericas, Inc.

EXECUTIVE OFFICERS

ROBERT C. POHLAD

Chairman of the Board and Chief Executive Officer

KENNETH E. KEISER

President and Chief Operating Officer

G. MICHAEL DURKIN, JR.

Executive Vice President and Chief Financial Officer

JAMES R. ROGERS

Executive Vice President, International

JAY S. HULBERT

Senior Vice President, Worldwide Supply Chain

ANNE D. SAMPLE

Senior Vice President, Human Resources

ALEXANDER H. WARE

Senior Vice President, Planning and Corporate Development

TIMOTHY W. GORMAN

Vice President and Controller

KATHRYN C. KOESSEL

Vice President, Investor Relations

ANDREW R. STARK

Vice President and Treasurer

PEPSIAMERICAS HEADQUARTERS

4000 Dain Rauscher Plaza
60 South Sixth Street
Minneapolis, MN 55402

WEBSITE

www.pepsiamericas.com

ANNUAL MEETING

The Company's annual meeting of shareholders will be held at 10:30 a.m. on April 28, 2005 at:

Four Seasons Hotel
120 East Delaware Place
Chicago, IL 60611

**INVESTOR RELATIONS/
SHAREHOLDER RELATIONS**

Securities analysts and investors, please contact: 612-661-3883

For corporate information, please contact: 847-818-5000

**INDEPENDENT REGISTERED
PUBLIC ACCOUNTANTS**

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601

LEGAL COUNSEL

Briggs and Morgan, P.A.
2200 IDS Center
80 South Eighth Street
Minneapolis, MN 55402

**SHAREHOLDER SERVICES/
TRANSFER AGENT**

Communications about share ownership, book-entry accounts, dividend payments, transfer requirements, changes of address, lost stock certificates, account status and sale of shares should be directed to:

PepsiAmericas, Inc.
c/o Wells Fargo Bank, N.A.
Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
877-602-7611

For copies of annual reports, Forms 10-K and 10-Q and other PepsiAmericas publications, please contact:

PepsiAmericas, Inc.
4000 Dain Rauscher Plaza
60 South Sixth Street
Minneapolis, MN 55402
Attention: Investor Relations
612-661-3883

**COMMON STOCK SYMBOL
PAS**
STOCK EXCHANGE LISTING

The New York Stock Exchange is the principal market for PepsiAmericas stock. PepsiAmericas stock is also listed on the Pacific Stock Exchange.

**DIVIDEND REINVESTMENT AND
ADDITIONAL INVESTMENTS IN
PEPSIAMERICAS COMMON STOCK**

Wells Fargo Bank, N.A. provides the Shareowner Service Plus Plan for PepsiAmericas shareowners, under which current shareowners may elect to reinvest dividends and/or make optional cash investments in PepsiAmericas common stock. The program also allows cash investments in PepsiAmericas common stock by first-time investors, with a \$250 minimum initial investment. Shareowners may also sell their shares through the Shareowner Service Plus Plan.

For a brochure and details of the program, please direct inquiries to:
Wells Fargo Bank, N.A.
Investment Plan Services
P.O. Box 64863
St. Paul, MN 55164-0863
877-602-7611

CERTIFICATIONS

Our Chief Executive Officer and Chief Financial Officer have filed the certifications required by the Sarbanes-Oxley Act of 2002 as exhibits to the attached Form 10-K.

Our Chief Executive Officer has certified to the NYSE that he is unaware of any violation by our Company of NYSE corporate governance listing standards.



4000 DAIN RAUSCHER PLAZA
60 SOUTH SIXTH STREET
MINNEAPOLIS, MN 55402
WWW.PEPSIAMERICAS.COM